

**PROJECT BRIEFING:
MARION INDUSTRIAL CENTER (MIC)
INTERMODAL/BULK TRANSLOAD FACILITY**

January 4, 2006

<u>Project Costs</u>	<u>Project Benefits</u>
* ORDC Loan \$650,000	* Establishes Trailer Intermodal in Marion
* ORDC Grant \$100,000	* New Development Possible on 1,200 Acres
* MIC Funding \$1,000,000	* New Transportation Option for Area Business
to \$1,500,000	* Ten New Jobs at MIC

INTRODUCTION

The Marion Industrial Center (MIC) requested grant and loan assistance to help rebuild (new 130 lb. rail) 4,000 feet of rail, rehabilitate 10,000 feet of rail, and to purchase intermodal loading/unloading equipment to initiate new intermodal trailer on flat car service between Kansas City and Marion. ORDC staff recommends providing a \$100,000 grant and a \$650,000 loan (five year term, 0% interest in year one, and 2/3 of prime rate interest for years two through five, sufficient collateral to back loan).

BACKGROUND

Current MIC Uses: The MIC is a 186 acre, 1.3 million square foot complex located in Claridon Township along SR 309 near Marion. It is a former Department of Defense Engineering Depot now used for warehousing, manufacturing, and other uses. There are hundreds of truck docks along about 1.5 miles of frontage along SR 309. The rail infrastructure is extensive behind the facility including about 8 miles of rail tracks. This extensive rail yard is connected to the CSX mainline between Ohio and Indianapolis and St. Louis (the former Conrail mainline to St. Louis) with a "wye" connection so that trains can exit or enter the MIC from either direction. The MIC currently has two switch locomotives. An aerial photograph of the facility is included as Exhibit "A". A site location map is included as Exhibit "B".

The MIC currently houses various businesses some of which use rail and some of which do not. Among the rail users is Boise Cascade which stores and transloads lumber products and Con Agra which produces micro wave popcorn. Much of the rail yard and storage yard behind the facility is used for the storage, staging, and mixing of new, finished automobiles and trucks. MIC is a mixing/distribution yard for both General Motors and Daimler-Chrysler products. At any given time there are thousands of new vehicles in the facility waiting for transport via truck or rail. Most of the inbound vehicle transport is via rail.

New Intermodal Business: MIC has long term contracts in place to add new business to the facility. Schneider Trucking will gather trailers from Mexico and California in Kansas City using Kansas City Southern Railroad service for most of the Mexican traffic. Schneider has contracted with CSX and Kansas City Southern to move these trailers in 100 trailer unit trains between Kansas City and Marion six days a week. From Marion, the trailers will be trucked to their final destinations in Ohio and the east. While some of the trailers going back west will be empty, some will be filled with backhauls. All the east bound trailers are expected to be full.

CSX and the Kansas City Southern will have four dedicated train sets for this traffic in operation at all times. One will be loading/unloading in Kansas City, one will be in transit from Marion to Kansas City, one will be in transit from Kansas City to Marion, and one will be loading/unloading in Marion. The trailers will be specially reinforced trailers for intermodal service. They will carry all manner of freight, including bulk products as well as finished products.

Schneider Trucking is an advocate of using domestic containers. It is pioneering a wider container to better meet the needs of the domestic market. Schneider envisions that the MIC will be used as a container intermodal terminal a few years out. Schneider and MIC are working to get the new facility running by April 1, 2006.

PROJECT DESCRIPTION

The MIC facility has the requisite room to store trailers and stage trailers to handle the new intermodal traffic. It needs to acquire two loaders/unloaders and repair 14,000 feet of its rail track to initiate service. Here is an overview of total project costs:

OVERVIEW OF MIC INERMODAL COSTS

Loading/Unloading Equipment	\$1,000,000 to \$1,500,000
Rail Track Upgrades	\$500,000
Non-Rail Infrastructure	\$200,000
<u>Training, Working Capital, etc.</u>	<u>\$50,000</u>
Total	\$1,750,000 to \$2,250,000

Rail work includes the rebuilding of 4,000 feet of track with 130 lb. rail, the rehabilitation of 10,000 feet of track and various improvements to eliminate sharp curves, improve turn-outs, upgrade on site rail crossings, and other rail infrastructure improvements.

WHY ORDC FUNDING IS NEEDED

ORDC grant and loan funding will enable the MIC to have a project budget sufficient to invest in higher quality track improvements and loading/unloading equipment.

PROJECT BENEFITS

- New intermodal facility will provide Ohio businesses in north central and central Ohio with new transportation options.
- New intermodal facility could stimulate economic development of 300 “shovel ready” acres and 900 other acres in immediate proximity to MIC.
- 10 new jobs will be created at MIC.
- About 60,000 truck trips in the western half of Ohio will be eliminated each year by the new train service.

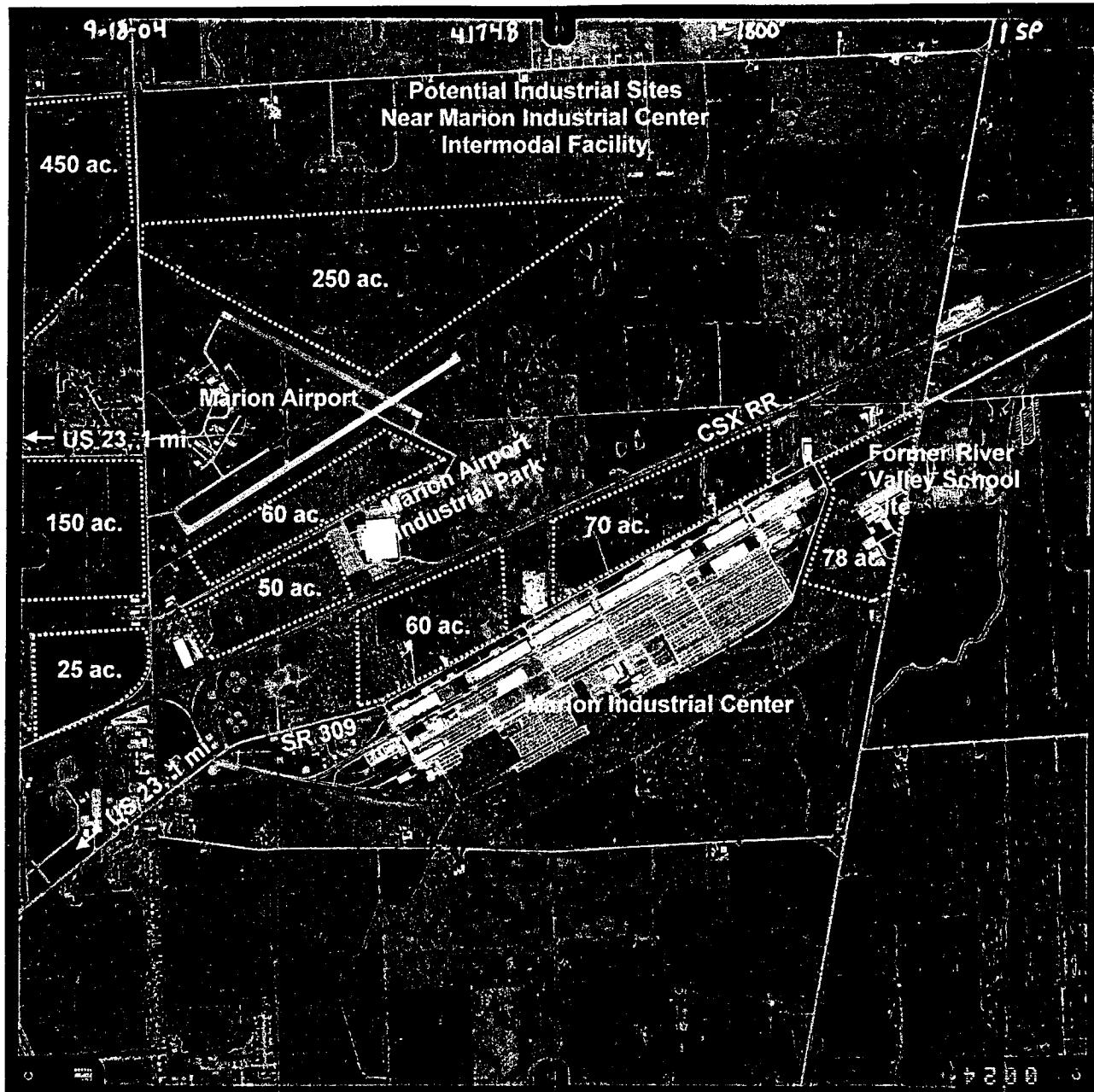
OTHER CONTRIBUTIONS

As this project is a rail intermodal project at an existing facility, no other contributions are required from other sources.

STAFF RECOMMENDATIONS/CONTINGENCIES

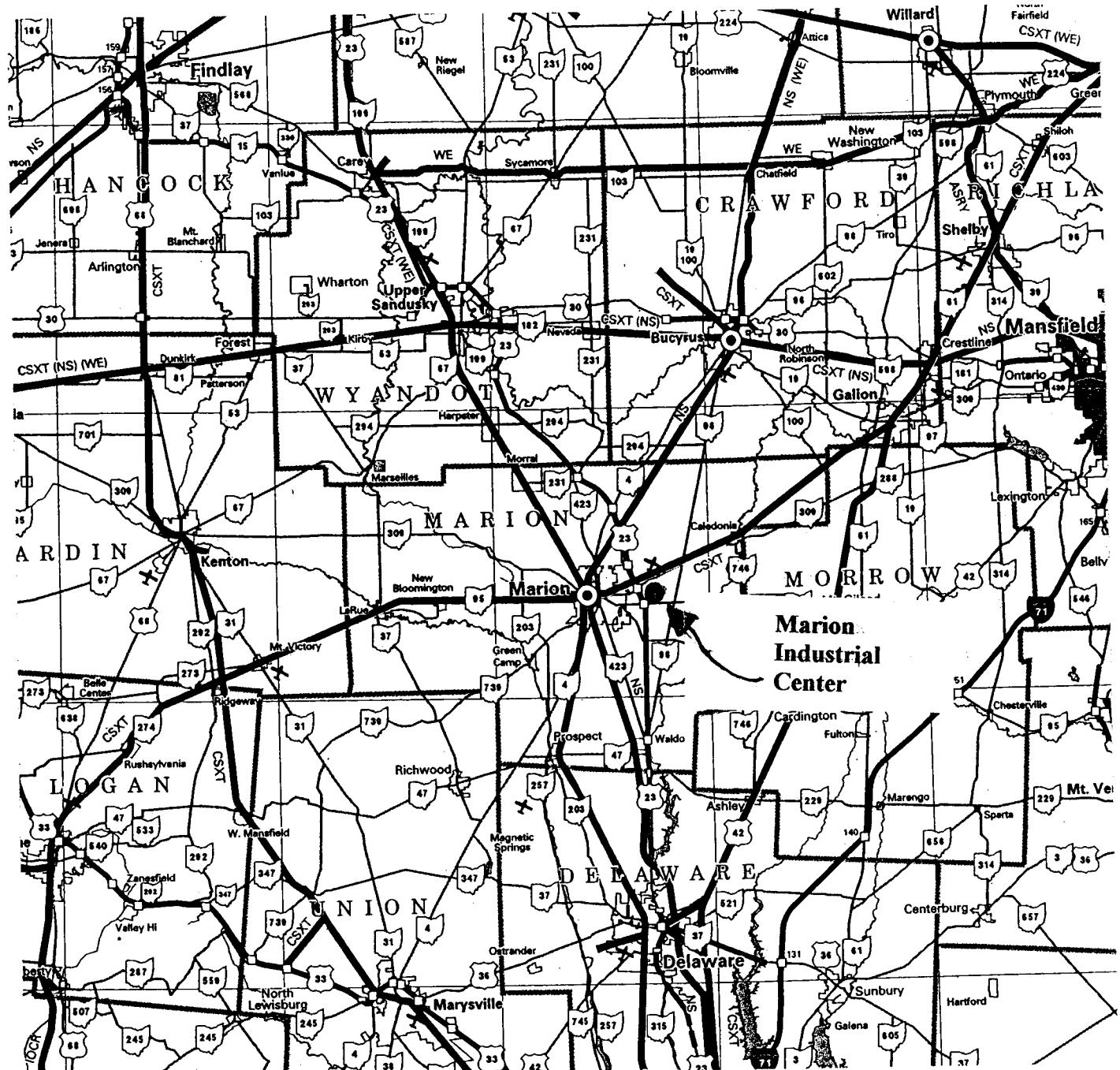
Staff requests that Commissioners empower the Executive Director to finalize the terms of the loan and determine the appropriate collateral. Final costs for equipment have not been determined. If equipment costs are lower than the range of costs presented herein, the amount of the ORDC grant and loan will be reduced proportionately.

MIC Intermodal Rail Upgrade Project, Nearby Industrial Sites



"B"

MARION INDUSTRIAL CENTER



RESOLUTION 06-02
RE: GP2, LLC INTERMODAL/BULK TRANSLOAD FACILITY LOAN & GRANT

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE GP2, LLC UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to the GP2, LLC (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed them with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

- Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.
- Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____

Seconded By _____

Upon roll call, the vote resulted as follows:

James E. Betts, Chair	yes	no	absent	abstained	Recused
Howard Wood for Gordon Proctor	yes	no	absent	abstained	Recused
Barbara Hammontree Bennett	yes	no	absent	abstained	Recused
Eric Neff for Bruce Johnson	yes	no	absent	abstained	Recused
Solomon Jackson	yes	no	absent	abstained	Recused
Thomas McOwen	yes	no	absent	abstained	Recused
Larry Sowers	yes	no	absent	abstained	Recused
Herk Wolfe	yes	no	absent	abstained	Recused
Dan Roberts	yes	no	absent	abstained	Recused
Jim Hartung	yes	no	absent	abstained	Recused

ORDC ACTION:

Motion approved
Motion denied

Other action

Date 1/12/06

CERTIFICATE

I, the undersigned Chairman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

James E. Betts, Chairman

1/12/06

Date

EXHIBIT A

A grant to the Company in the amount up to One Hundred Thousand Dollars (\$100,000)(the "ORDC Grant") and a loan in an amount of up to Six Hundred Fifty Thousand Dollars (\$650,000) (the "ORDC Loan") to assist with the reconstruction of (new 130 lb. rail) 4,000 feet of rail, rehabilitation of 10,000 feet of rail, and to purchase intermodal loading/unloading equipment to initiate new intermodal trailer on flat car service between Kansas City and Marion (the "Rail Service Project" as defined herein) pursuant to Section 4981.032 of the Ohio Revised Code at the Company's location in the Township of Claridon, in Marion County. The term of the ORDC Loan shall be five years, 0% interest in year one, and 2/3 of prime rate interest for years two through five and the collateral shall be determined by the Executive Director of ORDC.

The ORDC Grant and Loan are subject to the following conditions:

1. The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending ORDC funds.
- 2 The Company shall execute and obtain such documents as are deemed necessary by the ORDC to evidence, close and secure the ORDC Loan.